

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 INT-05 TRSE-00 SS-15 SP-02
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FM AMEMBASSY SOFIA

TO USDOC WASHDC

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C O N F I D E N T I A L SECTION 1 OF 2 SOFIA 1544

USDOC FOR BEWT/TDAD

E.O 11652: GDS

TAGS: BEXP, BTIO, BU

SUBJECT: GOB THIRD METALLURGICAL COMPLEX EQUIPMENT PROCUREMENT

REFS: A) SOFIA 1521, B) SOFIA 1418

1. ON JULY 27 EMBOFF THIBAUT, AT REQUEST OF HONEYWELL REPS, PARTICIPATED IN INITIAL PHASE OF DISCUSSIONS WITH TECHNOIMPORT AND MINISTRY OF METALLURGY AND MINERAL RESOURCES SPECIALISTS FOR PROCESS CONTROLS SYSTEMS FOR FIRSTSTAGE ROLLING MILL OF THIRD METALLURGICAL COMPLEX. TECHNOIMPORT DEPUTY GENERAL DIRECTOR, IVAN CHAKAROV, STATED DURING OPENING PRESENTATION THAT GOB "HAS DECIDED THAT THE ROLLING MILL 300 WILL BE OBTAINED FROM CEMA COUNTRIES." WHEN WE POINTED OUT THAT CHAKAROV'S POSITION WAS AT CONSIDERABLE VARIANCE WITH THE MINISTRY'S POSITION ON EQUIPMENT PURCHASES, CHAKAROV AMENDED HIS STATEMENT" "THE GOB HAS ALMOST REACHED A DECISION...."

2. DURING SAME AFTERNOON WE MET WITH MINISTRY'S CHIEF OF PROTOCOL, MARKO ARMYANOV, WHEN HE VISITED EMBASSY TO DELIVER THE SPECIFICATIONS LISTS REPORTED IN REF A. WE
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TOOK THE OPPORTUNITY TO REVIEW IN DETAIL THE APPARENT VARIANCE IN THE POSITIONS OF THE MINISTRY AND TECHNOIMPORT ON THE OPENNESS OF COMPETITION FOR EQUIPMENT SALES FOR TY COMPLEX. ARMYANOV HAS PARTICIPATED IN ALL OF OUR MEETINGS WITH THE DIRECTOR OF PLANNING FOR THE COMPLEX AND THE CHIEF OF INTERNATIONAL COOPERATION. WE NOTED THAT ON JULY 24 WE WERE TOLD BY THE CHIEF OF INTERNATIONAL COOPERATION THAT

THE MINISTRY INTENDED TO PROVIDE THE EMBASSY WITH A SPECIFICATIONS LIST FOR THE ROLLING MILL 300 IN SEPTEMBER (REF A). WE POINTED OUT TO ARMYANOV THAT RECOGNIZED THAT THE MINISTRY COULD BE EXPECTED TO OBTAIN A PROPORTION OF THE EQUIPMENT FROM CEMA COUNTRIES, BUT IT WAS IMPORTANT FOR THE MINISTRY TO MAINTAIN A GOOD IMAGE IN THE EYES OF AMERICAN FIRMS BY BEING STRAIGHTFORWARD IN DEFINING WHICH PARTS OF THE EQUIPMENT REQUIREMENTS FOR THE COMPLEX WERE "REQUIRED" FOR CEMA PARTICIPATION. ARMYANOV STATED THAT HE WAS SURPRISED BY THE POSITION TAKEN BY TECHNOIMPORT AND COULD NOT UNDERSTAND HOW TECHNOIMPORT ARRIVED AT THIS DECISION (OR OPINION) WHEN SUCH DECISIONS SHOULD BE RESERVED BY THE DIRECTOR OF PLANNING. HE UNDERSTOOD, AS DID WE, THAT THE DIRECTOR OF PLANNING CONSIDERED ALL PHASES OF EQUIPMENT PROCUREMENT OPEN. ARMYANOV STATED THAT HE WOULD DISCUSS THE SITUATION WITH DIRECTOR OF PLANNING AND ADVISE THE EMBASSY OF THE SITUATION AS SOON AS POSSIBLE.

3. DURING THE SAME EVENING, EMBOFF WAS WITH HONEYWELL REPS AT THEIR HOTEL WHEN WE ENCOUNTERED ANTANAS MARKOV, DIRECTOR OF PLANNING, AND CHAVDAR YORDANOV, CHIEF ENGINEER FOR THE COMPLEX. MARKOV GAVE US LITTLE TIME AS HE WAS MEETING WITH PULLMAN-SWINDELL REPS, BUT DID REITERATE REF B POINTS THAT NO DECISIONS HAVE YET BEEN REACHED ON EQUIPMENT AND THAT MANY DIFFERENT SUPPLIERS WILL BE USED. WE WERE ABLE TO SPEND MORE TIME WITH YORDANOV EMPHASIZING CONFIDENTIAL

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THE IMPORTANCE TO THE MINISTRY OF ACHIEVING A COORDINATED POSITION ON THIS SUBJECT. WE INFORMED YORDANOV THAT WE HAD DISCUSSED QUESTIONS WITH ARMYANOV THAT DAY AND HOPED THAT HE COULD INSURE THAT WE OBTAINED SOME USEFUL STATEMENT FROM THE MINISTRY.

4. ON JULY 28, ARMYANOV REQUESTED AN APPOINTMENT FOR A MEETING AT THE EMBASSY. ARMYANOV READ FROM NOTES TAKEN DURING HIS MEETING WITH THE DIRECTOR OF PLANNING AND QUOTED THE DIRECTOR. RE THE ROLLING MILL 300: THE OFFICIAL POSITION OF THE MINISTRY IS THAT THE EQUIPMENT FOR THE FIRST STAGE OF THE COMPLEX IS TO BE PURCHASED FROM DIFFERENT COMPANIES, INCLUDING CEMA COUNTRIES. ALL EQUIPMENT WILL NOT NECESSARILY BE PURCHASED FROM CEMA COUNTRIES. ARMYANOV ADDED THAT THE MINISTRY INTENDED TO COORDINATE WITH

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C O N F I D E N T I A L SECTION 2 OF 2 SOFIA 1544

TEVNOIMPORT TO INSURE THAT THEIR POSITIONS ARE THE SAME.
FURTHER, THE MINISTRY REALIZES THAT COORDINATION BETWEEN
AMERICAN FIRMS, PARTICULARLY ON PROCESS CONTROLS, AND
CEMA SUPPLIERS WILL AFFECT THEIR WORK; HOWEVER, IT BELIEVES
THAT THE AMERICAN FIRMS, PARTICULARLY US STEEL, ARE FAMILIAR
ENOUGH WITH CEMA EQUIPMENT TO BE ABLE TO COORDINATE ENGI-
NEERING QUESTIONS.

5. CHEMICAL PLANT FOR FERTILIZER ARMYANOV HAS COORDINATED
DOC QUESTIONS AND TELEX INQUIRY FROM PULLMAN KELLOGG CO.
WITH CHIEF OF INTERNATIONAL COOPERATION. DETAILS ARE NOW
UNDER REVIEW BY MINISTRY SPECIALISTS AND THEY PLAN FOR
RESPONSE WITHIN ONE WEEK. (NOTE: ARMYANOV WILL BE ON VACA-
TION UNTIL AUGUST 20, THUS WE CAN EXPECT THAT THE PROCESSING
OF INQUIRIES AND RESPONSES WILL SLOW NOTICEABLY DURING HIS
ABSENCE.)

6. COMMENT: WE HAVE GONE INTO DETAILS AT SOME LENGTH ON THIS
INTERPLAY BETWEEN THE PARTICIPATING GOB ORGANIZATIONS TO
KEEP DOC ABREAST OF THE STATUS OF PLANNING FOR THE COMPLEX
AS THE REQUIREMENTS PASS FROM THE MINISTRY'S CONTROL TO
TECHNOIMPORT. REQUEST THAT DOC NOT RPT NOT USE DETAILS
INVOLVING PARTICIPANTS AND DISCUSSIONS REPORTED ABOVE WHEN
TALING WITH AMERICAN FIRMS. THE ABOVE INFORMATION DOES
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NOTULLOW US TO JUDGE IF CERTAIN EQUIPMENT REQUIREMENTS FOR
THE COMPLEX HAVE BEEN PREDETERMINED FOR CEMA COUNTRIES, BUT
IT LOGICAL THAT CONSIDERABLE POLITICAL AND FINANCIAL
PRESSURE WILL DEVELOP ON THE MINISTRY AND TECHNOIMPORT
TO STEER ALL POSSIBLE BUSINESS OPPORTUNITIES TO CEMA
SUPPLIERS. BASED ON THEIR JULY 27 MEETING AT TECHNOIMPORT,

AGAIN FOR DOC BACKGROUND INFO ONLY, HONEYWELL REPS INTEND TO
ORGANIZEVROUP CONSISTING OF US STEEL, MIDREX, GENERAL
ELECTRIC AND HONEYWELL ENGINEERS FOR MEETING IN SOFIA WITH
TECHNOIMPORT AMD MINISTRY SPECIALISTS IN LATE SEPTEMBER
FOR FURTHER DISCUSSIONS ON FIRST STAGE PLANNING FOR COMPLEX.
GARTHOFF

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